

Registered Number: 06863305

RSA FINANCE

Annual Report and Accounts

for the year ended 31 December 2017



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Directors

I A Craston

G L Wilkinson (resigned 2nd November 2017)

L Plumb (resigned 2nd November 2017)

S de Baat (appointed 17th November 2017)

R Taylor Rea (appointed 17th November 2017)

Secretary

Roysun Limited

Registered Office

St Mark's Court
Chart Way
Horsham
West Sussex
United Kingdom
RH12 1XL

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
London
E14 5GL

Strategic report

For the year ended 31 December 2017

The Directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2017.

Business review and principal activity

The Company was incorporated as an unlimited company on 30 March 2009 to act as a vehicle for efficient management of the intercompany loan interest within the RSA Insurance Group plc group of companies (the "Group").

The results for the Company show a profit on ordinary activities before tax of £29,391,000 (2016: £15,114,000). The shareholders' funds of the Company as at 31 December 2017 were £2,499,521,000 (31 December 2016: £2,477,310,000).

Key performance indicators

There are no KPIs produced for the Company as no significant transactions have occurred during the year.

Future outlook

There is not expected to be any change to the business in the foreseeable future.

Principal risks and uncertainties

The Company has no principal risks or uncertainties because it is an intermediate holding company within the RSA Insurance Group plc group of companies (the "Group"). The Company's risks are managed in accordance with Group policies. The principal risks and uncertainties of the Group, which include those of the Company, are set out in the Strategic report – risk management on pages 33 to 37 and in the risk and capital management note on pages 118 to 126 of the 2017 Annual Report & Accounts of the Group, which do not form part of this report.

By order of the Board



For and on behalf of Roysun Limited
Secretary
4 May 2018

Directors' report
For the year ended 31 December 2017

Directors

The names of the current directors who served during the year are listed on page 1.

Directors' responsibilities

The directors' responsibilities statement appears on page 4 and is incorporated by reference into this report.

None of the directors have any interest in the shares of the Company

Dividends

The Company did not pay any interim dividends during the year (2016: £nil).

The directors do not recommend payment of a final dividend in respect of the year ended 31 December 2017 (2016: £nil).

Information included within the Strategic Review

Information relating to likely future development is contained within the Strategic report on page 2 and is incorporated into this report by reference.

Political donations

The Company did not make any political donations during the financial year (2017: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Under the Companies Act 2006, the Company is not required to hold an Annual General Meeting and accordingly KPMG LLP will be deemed to be re-appointed for each succeeding financial year.

Directors' Indemnity

Article 82 and 83 of the Articles of Association provides that, among other things and insofar as permitted by law, the Company may indemnify its directors against any liability and may purchase and maintain insurance against any liability. As permitted by section 233 of the Companies Act 2006, the Company, through its ultimate parent company, purchased and maintained Directors and Officers insurance for its directors and officers which provides suitable cover in relation to the discharge of their duties as directors and officers.

Going concern

In considering the appropriateness of the going concern basis the Board have reviewed the Company's ongoing financial commitments for the next twelve months and beyond.

Based on this review no material uncertainties that would require disclosure have been identified in relation to the ability of the Company to remain a going concern for at least the next twelve months, from both the date of the balance sheet and the approval of the financial statements:

It is therefore concluded that the going concern basis is appropriate for the preparation of the 2017 financial statements.

Signed by order of the Board



For and on behalf of
Roysun Limited
Secretary

4 May 2018

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSA FINANCE**Opinion**

We have audited the financial statements of RSA Finance ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Statement of Changes in Equity, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Gilbertson

Caroline Gilbertson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

10 May 2018

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Profit and loss account for the year ended 31 December 2017

		2017	2016
	Notes	£000	£000
Foreign exchange losses		(1)	(5)
Other interest receivable and similar income	6	29,392	15,122
Impairment of investment in subsidiaries	8	-	(3)
Profit on ordinary activities before tax		29,391	15,114
Taxation on profit on ordinary activities	7	(7,180)	(2,766)
Profit for the financial year		22,211	12,348

All figures relate to continuing operations.

The notes on pages 10 to 13 form an integral part of these financial statements.

There was no other comprehensive income during the year, accordingly no statement of other comprehensive income has been presented.

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Statement of changes in equity for the year ended 31 December 2017

	Share capital £000	Share Premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	1,506,380	-	528,846	2,035,226
Total comprehensive income for the year	-	-	12,348	12,348
Capital transaction	316,777	112,959	-	429,736
Balance at 31 December 2016	1,823,157	112,959	541,194	2,477,310
Total comprehensive income for the year	-	-	22,211	22,211
Balance at 31 December 2017	1,823,157	112,959	563,405	2,499,521


The attached notes on pages 10 to 13 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2017

	Notes	2017 £000	2016 £000
Fixed Assets			
Investments	8		
Current assets			
Amounts owed by Group undertakings	9	2,506,683	2,480,057
		<u>2,506,683</u>	<u>2,480,057</u>
Cash at bank and in hand		18	19
Creditors: amounts falling due less than one year	10	(7,180)	(2,766)
Net current assets		<u>2,499,521</u>	<u>2,477,310</u>
Total assets less current liabilities		<u>2,499,521</u>	<u>2,477,310</u>
Capital and reserves			
Called up share capital	11	1,823,157	1,823,157
Share premium account		112,959	112,959
Profit and loss account		563,405	541,194
Shareholders' funds		<u>2,499,521</u>	<u>2,477,310</u>

The attached notes on pages 10 to 13 form an integral part of these financial statements.

The financial statements were approved on 4 May 2018 by the Board of Directors and are signed on its behalf by:



Director
4 May 2018

SIMON DE BAAT

1. Basis of preparation (Financial Statements)

The financial statements are prepared in accordance with Financial Reporting Standard (FRS 101) *Reduced Disclosure Framework* and in compliance with the Companies Act 2006. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

The Company financial statements are presented in pounds sterling, which is also the Company's functional currency and rounded to the nearest thousand except where otherwise indicated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with the Companies Act 2014. The Company has set out below where advantage of FRS 101 exemptions has been taken.

The disclosure exemptions applied by the Company are as follows:-

- A cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs, and
- The disclosure of any related party transactions with other wholly owned subsidiaries within the RSA group of companies

As the consolidated financial statements of the Company's ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:-

- Certain disclosures required by IFRS13 *Fair Value Measurement*; and
- The disclosures required by IFRS7 *Financial Instrument Disclosures*.

The Report and Accounts containing these financial statements can be found at www.rsagroup.com.

The financial statements have been prepared under the historical cost convention, on a going concern basis.

Significant Accounting Policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements:-

(a) Translation of foreign currencies.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. The value of a non-monetary item is translated into sterling at the date of the initial recognition of the item and is not revalued subsequently for changes in exchange rates. When determining the net realisable value or recoverable amount for a non-monetary asset, the value is translated using the exchange rate at the valuation date.

Transactions denominated in foreign currencies are translated into sterling using the cumulative average rate for the financial year. The resulting exchange differences are taken to the profit and loss account.

(b) Taxation

Taxation and deferred tax is recognised in the profit and loss account, except to the extent that the tax arises from a transaction or event recognised either in other comprehensive income or directly in equity.

Taxation is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments for prior years.

(c) Investments in subsidiaries

Investments in subsidiaries are valued at cost less impairment where applicable. The Company assesses at the end of each reporting period whether a subsidiary is impaired. Where there is an indication of impairment, the Company conducts an impairment test where it compares the carrying value of the investment with the net asset value of the subsidiary. Charges for impairments are recognised in the profit and loss account.

(d) Other loans and receivables

Other loans and receivables, including those due to and from Group undertakings are measured at amortised cost. The Company assesses at the end of each reporting period that a loan or receivable is impaired. A loan or receivable is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or receivable that can be reliably estimated.

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Notes to the accounts (continued)

2. Exchange Rates

The rate of exchange used in these accounts in respect of the major overseas currency are:

	2017 Cumulative Average	2017 End of Period	2016 End of Period
Canadian Dollar	1.67	1.70	1.66
United States Dollar	1.29	1.35	1.24

3. Auditor's remuneration

Fees payable to KPMG LLP for the audit of the Company's annual accounts were £900 (2016: £900), which were borne by a Group company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to KPMG LLP are disclosed in the RSA Insurance Group plc 2017 Annual Report & Accounts.

4. Directors' emoluments

The directors were all remunerated by Royal & Sun Alliance Insurance plc, a fellow subsidiary of RSA Insurance Group plc, for their services to the RSA Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the RSA Group. This is consistent with prior years.

5. Employees and staff costs

The Company did not employ anyone during the period (2016: nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2016: nil).

6. Investment income, expenses and charges

	2017 £000	2016 £000
Other interest receivable and similar income	29,392	15,122
	29,392	15,122

7. Taxation

The tax amounts charged in the profit and loss account are as follows:

	2017 £000	2016 £000
Current tax		
UK corporation tax	6,273	2,766
Adjustment in respect of prior periods	907	-
Total tax charge	7,180	2,766

The UK corporation tax for the current year is based on a rate of 19.2% (2016: 20%). The rate of corporation tax has reduced from 20% to 19% effective 1 April 2017, and as a result a composite rate of 19.2% has been used in the accounts.

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Notes to the accounts (continued)

7. Taxation (continued)

Reconciliation of the total tax charge

The tax charge for the year is more than 19.2% (2016: less than 20%) due to the items set out in the reconciliation below:-

	2017	2016
	£000	£000
Profit on ordinary activities before tax	29,391	15,114
Tax at the UK rate of 19.2% (2016 at 20%)	5,657	3,023
<i>Factors affecting charge:</i>		
Fiscal adjustments	616	650
Adjustment to tax charge in respect of previous periods	907	-
Group relief received without payment	-	(907)
Total tax charge for the year	7,180	2,766

The Company has no deferred tax assets or liabilities at 31 December 2017 or 31 December 2016.

8. Investments

Subsidiaries

	2017	2016
	£000	£000
At 1 January	-	3
Impairments	-	(3)
At 31 December	-	-

The company's only subsidiary was liquidated in 2016.

9. Debtors: amounts falling due within one year

	2017	2016
	£000	£000
Amounts owed by Group undertakings	2,506,683	2,480,057
	2,506,683	2,480,057

10. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Corporation tax	7,180	2,766
	7,180	2,766

11. Share Capital

	2017	2016
	£000	£000
Allotted, issued and fully paid		
4,051,460,762 ordinary shares of £0.45 each (2016: 4,051,460,762 ordinary shares of £0.45 each)	1,823,157	1,823,157
	1,823,157	1,823,157

12. Parent companies

The Company's immediate parent company is Royal & Sun Alliance Insurance plc, which is registered in England and Wales.

The Company's ultimate parent company and controlling party is RSA Insurance Group plc, which is registered in England and Wales and is the parent company of the smallest and largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 20 Fenchurch Street, London EC3M 3AU.